

SCHEDULES

SCHEDULE 21

APPROVED SHARE PLANS AND SCHEMES

PART 1

SHARE INCENTIVE PLANS

Introductory

- 1 Schedule 2 to the Income Tax (Earnings and Pensions) Act 2003 (c. 1) (approved share incentive plans) is amended as follows.

Participation in more than one connected plan in a tax year

- 2 After paragraph 18 insert—

“Participation in more than one connected SIP in a tax year

18A (1) The plan must provide that, if an individual participates in an award of shares under the plan in a tax year in which he has already participated in an award of shares under one or more other approved SIPs established by the company or a connected company—

- (a) paragraph 35 (maximum annual award of free shares),
- (b) paragraph 46 (maximum amount of partnership share money deductions), and
- (c) paragraph 64 (limit on amount reinvested),

apply as if the plan and the other plan or plans were a single plan.

(2) In this paragraph “connected company” has the same meaning as in paragraph 18.”.

- 3 In paragraph 13 (eligibility of individuals: introduction), for the entry relating to paragraph 18 substitute—

“paragraph 18 (requirement not to participate simultaneously in connected SIPs),

paragraph 18A (successive participation in connected SIPs), and”.

- 4 In paragraph 14(7) (eligibility to participate dependent on certain requirements of plan being met), for paragraph (b) substitute—

“(b) not participating simultaneously in connected SIPs (see paragraph 18),

(ba) successive participation in connected SIPs (see paragraph 18A), and”.

Status: This is the original version (as it was originally enacted).

5 In paragraph 18 (requirement not to participate in connected SIPs), omit sub-paragraph (1)(a) (successive participation in connected SIPs).

6 After paragraph 71 insert—

“Duty to monitor participants in connected schemes

71A The trust instrument must require the trustees to maintain records of participants who have participated in one or more other approved SIPs established by the company or a connected company.”.

Partnership shares

7 (1) Paragraph 46 (maximum amount of partnership share money deductions) is amended as follows.

(2) In sub-paragraph (1), for the words after “must not exceed” substitute “£1,500 in any tax year.”.

(3) In sub-paragraph (2), for the words after “an employee’s salary” substitute “for any tax year must not exceed 10% of the employee’s salary for the tax year.”.

(4) After that sub-paragraph insert—

“(4A) A limit lower than that specified in sub-paragraph (2) may be framed—

- (a) as a proposition substituting a percentage lower than that so specified, or
- (b) as a proposition that a particular description of earnings is not to be regarded as forming part of an employee’s salary for the purposes of that sub-paragraph.”.

(5) Sub-paragraphs (2) and (3) have effect for the year 2003-04 and subsequent years of assessment.

8 In paragraph 47 (minimum amount of deductions)—

- (a) for “in any month” substitute “on any occasion”, and
- (b) omit sub-paragraph (3).